

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2009-19

Contract Amendment for Copier Equipment and Maintenance

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	2/19/09	Discussion/Possible Action	Brian McCartan, CFO Jason Weiss, Acting CIO	(206) 398-5100 (206) 398-5293

Contract/Agreement Type:		Requested Action:	
Competitive Procurement		Execute New Contract/Agreement	
Sole Source		Amend Existing Contract/Agreement	✓
Agreement with Other Jurisdiction(s)		Budget Amendment	
Real Estate		Property Acquisition	
Negotiated Procurement	✓		

PROJECT NAME

Equipment Lease Agreement with IKON Office Solutions for copiers

PROPOSED ACTION

Authorizes the chief executive officer to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental in the amount of \$275,000 for a new total authorized contract amount not to exceed \$1,155,000.

KEY FEATURES of PROPOSED ACTION

- At Finance Committee direction, staff completed a new procurement for copier equipment and maintenance to replace or phase out the existing IKON copier equipment contract.
- Analysis of the proposals submitted in response to the new procurement revealed that phasing out existing equipment within the lease terms costs significantly less than buying out the equipment leases, even when considering the higher cost of the current contract.
- Approximately 60% of the existing IKON copiers will be removed by 9/1/09, 90% removed by 6/1/2010, and 100% removed by 12/31/2010.
- The recommended contract amendment fully funds the phase out of all existing leased equipment on the contract, within lease terms. No new equipment will be added to this contract.

BUDGET IMPACT SUMMARY

The budget for both the capital and operating costs have been included within the adopted budgets, there is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

BUDGET and FINANCIAL PLAN DISCUSSION

Goods and services procured under these contracts were obtained within Board-adopted budgetary levels.

Budget for the acquisition of copiers is found within the Corporate Services and Administrative Capital portions of the Adopted 2009 Budget. Copiers that were acquired for use in field offices, however, were charged to the specific project. Although payment for the equipment is made monthly over the life of the

lease, for budget authorization and accounting purposes, Sound Transit recognizes the full cost of the copiers at the time of acquisition.

Budget for copy operational services is included within the departmental staff budgets, within transit operations and within project budgets. Costs for these services are charged to the department or program using the services at the time that the services are rendered, at which time adequacy of budget is verified.

BUDGET TABLE

Summary for Board Action (X \$1,000)

Action Item: IKON Office Solution

	Adopted 2009 Budget	Spent to date in 2009	Contract Expenditures 2009	Remaining 2009 Budget
Current Year Budget				
Corporate Service_ Other Services	416	-	-	416
Corporate Service_ Leased Furn & Equip	79	-	-	79
Agency Operations	803	-	-	803
Total Account Category	1,298	-	-	1,298

Budget Shortfall

Level	Shortfall	Resources	Funding Source
N/A	-	-	N/A

Contract Spending Plan	Prior Year(s) Spending	2008 Spending	Future Expenditures	Total
Corporate Services & Agency Operations		-	1,155	1,155

Contract Budget	Current Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Corporate Services & Agency Operations	880	-	275	1,155
Contingency	-	-	-	-
Total	880	-	275	1,155
Percent Contingency	0%	-	0%	0%

Notes:

Budget for this item is included in the Sound Transit Staff Operating Budget Summary page 207 & 233 of the Proposed 2009 Budget book. Page 207 Corporate Service section line item Other Services for Maintenance Expense and line item Leased Furniture & Equipment for Lease expense. Page 233 Agency Operations Line Item Unallocated Budget. The 2010 portion of the contract amount will be requested in the proposed 2010 Budget.

SMALL BUSINESS PARTICIPATION

Prime Consultant/Contractor

IKON is the prime vendor for this contract and performs 100% of the work.

EEO Commitment

IKON employs 31% People of Color and 36% Women.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

Sound Transit procures all copiers used throughout its facilities. Pricing in the current agreement with IKON, which was intended to be re-procured in 2009, is based on the State of Washington GSA pricing structure.

In June 2008, staff proposed an amendment to the existing IKON copier and maintenance contract for \$617,000 to provide sufficient contract authority through December 31, 2009. The original contract amount did not include funding for new copiers added to the original contract to meet new agency requirements. The action was not approved by the Finance Committee, and staff were asked to explore cost reductions in imaging/printing.

In July 2008, staff briefed the Finance Committee on a plan to conduct a market survey to reduce imaging/printing costs, which included extending the current IKON contract for the duration of the research period. The Finance Committee approved additional funding through October 2008 and required staff to return with a recommendation after evaluating the current contract and possible alternatives.

In October 2008, staff presented the survey results to the Finance Committee and recommended a new competitive procurement for copier equipment and maintenance to replace the IKON contract. The plan included extending the current IKON contract for the duration of the procurement process. The Finance Committee approved the plan, including additional funding through March 2009. The goal was a more efficient, flexible and potentially lower-cost contract. The current contract was to be entirely replaced by March 31, 2009, or phased out incrementally, depending on which option was more cost effective.

The new copier equipment and maintenance procurement is complete. Since the IKON contract does not have provisions for early lease termination, staff evaluated a potential buy out of the existing equipment leases. However, since none of the proposals included an offer to pay a significant portion of the buyout amount (approximately \$490,000), that option was removed from the RFP. The cost to phase out the contract within lease terms is estimated at \$275,000 (over 21 months). The savings lost for keeping the more expensive IKON equipment for the duration of the lease terms versus replacing fully in March 2009 with the new contract is approximately \$80,000 (over 21 months).

Staff recommends increasing the contract amount to allow for the phased expiration of equipment within contract terms, as leases expire, as the least cost method to end the contract. At the current rate of expenditure, the existing contract not-to-exceed amount will be expended by the end of March 2009. The proposed action increases the contract amount with IKON Office Solutions for copier maintenance, lease and rentals in the sum of \$275,000 and will cover anticipated costs through the final lease expiration in December 31, 2010.

Prior Board/Committee Actions

Motion/Resolution Number and Date	Summary of Action
M2008-99 10/2/08	Authorized the CEO to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental services in the amount of \$180,000 for a new total authorized contract amount not to exceed \$880,000
M2008-59 7/03/08	Authorized the CEO to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental in the amount of \$117,000 for a new total authorized contract amount not to exceed \$700,000, which covers costs through October 30, 2008.
M2006-40 5/11/06	A motion (1) ratifying the Equipment Agreement with IKON Office Solutions for copiers; (2) ratifying the services Agreement with IKON Office Solutions for copier maintenance, supplies, and copy services; (3) approving an expenditure of \$1,805,000 for past costs incurred under the two agreements; (4) approving \$583,000 for copier maintenance and supplies over the remaining life of the copiers; and (5) approving \$275,000 for interim copy services until a competitive Request for Proposal process is completed.

CONSEQUENCES of DELAY

The current contract authority covers the costs through the end of March 2009. A delay of one month would not have a significant impact on agency operations. Additional authorization is required to fund the contract through remainder of the equipment lease terms.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

SK 2-10-09

LEGAL REVIEW

LA 2/12/09

SOUND TRANSIT

MOTION NO. M2009-19

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental in the amount of \$275,000 for a new total authorized contract amount not to exceed \$1,155,000.

Background:

Sound Transit procures all copiers used throughout its facilities. Pricing in the current agreement with IKON, which was intended to be re-procured in 2009, is based on the State of Washington GSA pricing structure.

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The new copier equipment and maintenance procurement is complete. Since the IKON contract does not have provisions for early lease termination, staff evaluated a potential buy out of the existing equipment leases. However, since none of the proposals included an offer to pay a significant portion of the buyout amount (approximately \$490,000), that option was removed from the RFP. The cost to phase out the contract within lease terms is estimated at \$275,000 (over 21 months). The savings lost for keeping the more expensive IKON equipment for the duration of the lease terms versus replacing fully in March 2009 with the new contract is approximately \$80,000 (over 21 months).

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Motion:

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental in the amount of \$275,000 for a new total authorized contract amount not to exceed \$1,155,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 19, 2009.



Aaron Reardon
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator